

**TOWN OF CARDSTON**  
**Financial Statements**  
**Year Ended December 31, 2020**

**TOWN OF CARDSTON**  
**Index to Financial Statements**  
**Year Ended December 31, 2020**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Town of Cardston (The Town).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Council and meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the elected Council prior to its approval of the financial statements. The Committee also considers, subject to Council approval, the appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Shawn Cook Professional Corporation has full and free access to the Council.

  
\_\_\_\_\_  
Mr. Jeff Shaw, CAO

Cardston, Alberta



## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Town of Cardston

### **Opinion**

We have audited the financial statements of Town of Cardston (the Town), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2020, and the results of its operations, change in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

Independent Auditor's Report to the Members of Town of Cardston *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Shawn Cook*  
*Professional Corporation*

Lethbridge, Alberta  
April 27, 2021

Chartered Professional Accountants



**TOWN OF CARDSTON**  
**Consolidated Statement of Financial Position**  
**December 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 2,121,165	\$ 1,768,761
Taxes and grants in places of taxes <i>(Note 3)</i>	115,649	107,245
Trade and other receivable <i>(Note 3)</i>	2,068,089	1,328,706
Land held for resale	409,407	459,489
Investments <i>(Note 4)</i>	3,051,777	2,912,518
	<u>7,766,087</u>	<u>6,576,719</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	492,961	339,728
Employee benefit obligation <i>(Note 5)</i>	143,679	130,596
Deferred revenue <i>(Note 6)</i>	1,150,574	882,751
Long term debt <i>(Note 8)</i>	2,928,859	494,965
	<u>4,716,073</u>	<u>1,848,040</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,050,014</u>	<u>4,728,679</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	38,938	-
Inventory for consumption	604,091	586,504
Tangible capital assets <i>(Schedule 2)</i>	52,140,448	48,302,068
	<u>52,783,477</u>	<u>48,888,572</u>
<b>ACCUMULATED SURPLUS <i>(Schedule 1 and Note 11)</i></b>	<u>\$ 55,833,491</u>	<u>\$ 53,617,251</u>

Approved on behalf of Council:

  
 \_\_\_\_\_ Councilor

  
 \_\_\_\_\_ Councilor

**TOWN OF CARDSTON**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2020**

	Budget (Unaudited)	2020	2019
<b>REVENUE</b>			
User fees and sales of goods	\$ 5,919,484	\$ 6,753,155	\$ 6,072,640
Net municipal taxes <i>(Schedule 3)</i>	2,678,092	2,673,548	2,644,580
Government transfers for operating <i>(Schedule 4)</i>	3,122,383	2,673,766	733,382
Investment income	50,000	131,641	167,453
Franchise and concession contracts	123,500	128,478	129,871
Licenses and permits	36,200	37,050	39,458
Penalties and costs of taxes	16,500	18,115	29,268
Donations	316,333	316,333	-
	12,262,492	12,732,086	9,816,652
<b>EXPENSES</b>			
Legislative	152,300	108,020	138,401
Administration	1,129,311	1,007,582	1,006,011
Bylaw enforcement	189,908	171,920	132,579
Fire services	160,200	122,806	274,043
Emergency measures and disaster service	2,211,248	1,699,623	63,166
Ambulance services and first aid	4,600	4,581	4,581
Public Works	1,758,200	1,637,087	1,456,380
Airport	10,500	13,509	19,827
Wastewater treatment and disposal	1,257,532	899,184	837,932
Water supply and distribution	1,015,300	1,016,550	1,025,464
Waste management	339,050	328,120	305,700
Family and community support services	277,418	297,133	253,218
Other public health and welfare	500	500	500
Parks and recreation	2,075,347	1,974,251	1,893,180
Cemeteries and crematoriums	59,200	50,463	57,479
Land use planning and development	233,850	192,976	192,470
Economic and agricultural development	247,706	189,048	187,792
Culture - libraries, museums, halls	329,565	312,428	318,908
Electrical distribution	2,068,569	2,015,828	1,958,747
	13,520,304	12,041,609	10,126,378
<b>DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(1,257,812)	690,477	(309,726)
<b>OTHER</b>			
Government transfers for capital <i>(Schedule 4)</i>	2,329,243	2,037,179	1,044,079
Contributed assets	57,318	-	1,912,895
Gain (loss) on disposal of tangible capital assets	-	(511,416)	(28,915)
	2,386,561	1,525,763	2,928,059
<b>EXCESS OF REVENUE OVER EXPENSES</b>	1,128,749	2,216,240	2,618,333
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	53,617,251	53,617,251	50,998,918
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 54,746,000	\$ 55,833,491	\$ 53,617,251

**TOWN OF CARDSTON**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2020**

	Budget (Unaudited)	2020	2019
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 1,128,749	\$ 2,216,240	\$ 2,618,333
Amortization of tangible capital assets	2,467,100	2,504,087	2,263,847
Acquisition of tangible capital assets	(7,192,048)	(6,909,574)	(2,151,872)
Acquisition of contributed assets	(57,318)	-	(1,912,895)
Proceeds on disposal of tangible capital assets	62,800	55,689	42,050
Loss on disposal of assets	-	511,416	28,915
	(4,719,466)	(3,838,382)	(1,729,955)
Use of prepaid expenses	-	(38,938)	-
Decrease (increase) in inventory for consumption	-	(17,585)	80,167
	-	(56,523)	80,167
	(4,719,466)	(3,894,905)	(1,649,788)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(3,590,717)	(1,678,665)	968,545
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	4,728,679	4,728,679	3,760,134
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 1,137,962	\$ 3,050,014	\$ 4,728,679



**TOWN OF CARDSTON**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 2,216,240	\$ 2,618,333
Non-cash items included in excess of revenues over expenses		
Amortization	2,504,087	2,263,847
Loss on disposal of tangible capital assets	511,416	28,915
Contributed assets	-	(1,912,895)
	<u>5,231,743</u>	<u>2,998,200</u>
Changes in non-cash working capital:		
Trade and other receivable	(739,383)	(134,641)
Taxes and grants in places of taxes	(8,404)	(5,793)
Inventory for consumption	(17,586)	80,167
Accounts payable and accrued liabilities	153,233	(59,373)
Deferred revenue	267,823	(387,914)
Prepaid expenses	(38,938)	-
Land held for resale	50,082	(35,722)
Employee benefit obligation	13,083	3,138
	<u>(320,090)</u>	<u>(540,138)</u>
	<u>4,911,653</u>	<u>2,458,062</u>
<b>CAPITAL</b>		
Purchase of tangible capital assets	(6,909,574)	(2,151,872)
Proceeds on disposal of tangible capital assets	55,689	42,050
	<u>(6,853,885)</u>	<u>(2,109,822)</u>
<b>INVESTING</b>		
Purchase of investments	(1,876,279)	(220,503)
Proceeds on sale of investments	1,737,021	-
	<u>(139,258)</u>	<u>(220,503)</u>
<b>FINANCING</b>		
Proceeds from long term debt	2,692,120	-
Repayment of long-term debt	(258,226)	(173,771)
	<u>2,433,894</u>	<u>(173,771)</u>
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR</b>	<b>352,404</b>	<b>(46,034)</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>1,768,761</b></u>	<u><b>1,814,795</b></u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 2)</b>	<u><b>\$ 2,121,165</b></u>	<u><b>\$ 1,768,761</b></u>

**TOWN OF CARDSTON**

**Schedule of Changes in Accumulated Surplus**

**(Schedule 1)**

**Year Ended December 31, 2020**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 1,162,900	\$ 4,647,248	\$ 47,807,103	\$ 53,617,251	\$ 50,998,918
Excess of revenues over expenses	2,216,240	-	-	2,216,240	2,618,334
Unrestricted funds designated for future use	(2,268,002)	2,268,002	-	-	-
Restricted funds used for operations	260,400	(260,400)	-	-	-
Restricted funds used for tangible capital assets	-	(1,000,689)	1,000,689	-	-
Current year funds used for tangible capital assets	(5,908,885)	-	5,908,885	-	-
Annual amortization expense	2,504,087	-	(2,504,087)	-	-
Long-term debt issued	2,692,120	-	(2,692,120)	-	-
Long-term debt repaid	(258,226)	-	258,226	-	-
Disposal of tangible capital assets	567,107	-	(567,107)	-	-
Change in accumulated surplus	(195,159)	1,006,913	1,404,486	55,833,491	53,617,252
<b>BALANCE, END OF THE YEAR</b>	\$ 967,741	\$ 5,654,161	\$ 49,211,589	\$ 55,833,491	\$ 53,617,252

**TOWN OF CARDSTON**

**Schedule of Tangible Capital Assets**

**(Schedule 2)**

**Year Ended December 31, 2020**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 2,004,486	\$ 2,904,149	\$ 10,428,149	\$ 72,600,744	\$ 5,035,785	\$ 1,303,737	\$ 94,277,050	\$ 90,690,684
Acquisition of tangible capital assets	50,082	9,498	160,444	1,755,668	4,508,832	348,460	6,832,984	4,003,168
Construction in-progress	-	-	60,136	16,454	-	-	76,590	61,599
Disposal of tangible capital assets	-	-	-	(655,189)	(87,147)	(27,574)	(769,910)	(478,401)
BALANCE, END OF YEAR	2,054,568	2,913,647	10,648,729	73,717,677	9,457,470	1,624,623	100,416,714	94,277,050
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	1,523,854	4,043,814	37,350,825	2,127,147	929,342	45,974,982	44,118,571
Annual amortization	-	132,209	225,489	1,543,597	503,527	99,265	2,504,087	2,263,847
Accumulated amortization on disposals	-	-	-	(137,212)	(38,017)	(27,574)	(202,803)	(407,436)
BALANCE, END OF YEAR	-	1,656,063	4,269,303	38,757,210	2,592,657	1,001,033	48,276,266	45,974,982
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 2,054,568</b>	<b>\$ 1,257,584</b>	<b>\$ 6,379,426</b>	<b>\$ 34,960,467</b>	<b>\$ 6,864,813</b>	<b>\$ 623,590</b>	<b>\$ 52,140,448</b>	<b>\$ 48,302,068</b>
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 2,004,486	\$ 1,426,299	\$ 6,399,930	\$ 35,188,321	\$ 2,908,637	\$ 374,395	\$ 48,302,068	

**TOWN OF CARDSTON****Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2020**

	Budget (Unaudited)	2020	2019
<b>TAXATION</b>			
Real property taxes	\$ 3,659,817	\$ 3,650,658	\$ 3,582,711
Government grants in place of property taxes	-	3,829	29,338
	<u>3,659,817</u>	<u>3,654,487</u>	<u>3,612,049</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	909,625	909,625	896,832
Chinook Foundation	71,700	70,941	70,265
Designated industrial property	400	373	373
	<u>981,725</u>	<u>980,939</u>	<u>967,470</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 2,678,092</u>	<u>\$ 2,673,548</u>	<u>\$ 2,644,579</u>

**TOWN OF CARDSTON**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2020**

**(Schedule 4)**

	Budget (Unaudited)	2020	2019
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 2,926,383	\$ 2,415,756	\$ 680,047
Other Local Government	196,000	258,010	53,335
	<u>3,122,383</u>	<u>2,673,766</u>	<u>733,382</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	2,287,143	2,027,179	1,044,079
Other Local Government	42,100	10,000	-
	<u>2,329,243</u>	<u>2,037,179</u>	<u>1,044,079</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 5,451,626</u>	<u>\$ 4,710,945</u>	<u>\$ 1,777,461</u>

**TOWN OF CARDSTON****Schedule of Consolidated Expenses by Object  
Year Ended December 31, 2020****(Schedule 5)**

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	Budget (Unaudited)	2020	2019
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 3,045,400	\$ 2,966,111	\$ 2,957,407
Contracted and general services	5,550,499	4,521,826	2,924,224
Materials, goods and utilities	2,097,347	1,747,718	1,706,800
Transfers to local boards and agencies	247,574	239,421	205,261
Other expenses	84,146	31,614	41,669
Bank charges and short-term interest	15,900	22,838	16,710
Interest on long-term debt	12,338	7,994	10,460
Amortization of tangible capital assets	2,467,100	2,504,087	2,263,847
	<u>\$ 13,520,304</u>	<u>\$ 12,041,609</u>	<u>\$ 10,126,378</u>

**TOWN OF CARDSTON**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2020**

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health Services	Planning and development	Recreation and culture	Electrical	Total
<b>REVENUE</b>									
User fees and sales of goods	\$ 13,199	\$ 50,886	\$ 268,570	\$ 2,494,999	\$ 37,430	\$ -	\$ 1,171,029	\$ 2,717,042	\$ 6,753,155
Net municipal taxes	2,673,548	-	-	-	-	-	-	-	2,673,548
Government transfers	466,153	1,699,623	522,074	381,387	249,980	-	251,728	1,140,000	4,710,945
Investment income	131,641	-	-	-	-	-	-	-	131,641
Franchise and concession contracts	128,478	-	-	-	-	-	-	-	128,478
Other revenues	55,165	-	-	-	-	-	-	-	55,165
Donations	-	-	-	-	-	-	316,333	-	316,333
	3,468,184	1,750,509	790,644	2,876,386	287,410	-	1,739,090	3,857,042	14,769,265
<b>EXPENSES</b>									
Salaries, wages and benefits	775,573	70,724	390,282	370,310	64,981	178,407	845,234	270,600	2,966,111
Contracted and general services	204,648	1,884,649	167,013	516,977	104,041	84,478	273,793	1,286,227	4,521,826
Materials, goods, and supplies	52,087	17,783	355,246	467,193	1,560	81,526	654,892	117,431	1,747,718
Transfers to local boards	26,406	-	-	-	177,015	36,000	-	-	239,421
Other expenses	29,501	-	-	-	500	1,613	-	-	31,614
Bank charges and short-term interest	11,048	-	-	-	-	-	11,790	-	22,838
Interest on long-term debt	-	-	-	7,994	-	-	-	-	7,994
	1,099,263	1,973,156	912,541	1,362,474	348,097	382,024	1,785,709	1,674,258	9,537,522
<b>NET REVENUE BEFORE AMORTIZATION</b>	2,368,921	(222,647)	(121,897)	1,513,912	(60,687)	(382,024)	(46,619)	2,182,784	5,231,743
(Gain) on disposal of TCA	511,416	-	-	-	-	-	-	-	511,416
Amortization expense	16,339	25,774	738,055	881,379	-	-	500,970	341,570	2,504,087
	527,755	25,774	738,055	881,379	-	-	500,970	341,570	3,015,503
<b>NET REVENUE</b>	\$ 1,841,166	\$ (248,421)	\$ (859,952)	\$ 632,533	\$ (60,687)	\$ (382,024)	\$ (547,589)	\$ 1,841,214	\$ 2,216,240

**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Cardston (the Town) are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

*(continues)*



**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

*(continues)*

**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	10 - 30
Buildings	25 - 50
Engineered structures	5 - 80
Machinery and equipment	5 - 40
Vehicles	10 - 40

Amortization is recorded in the month that the asset is purchased and is prorated in the first and last year, based on the number of months used. Assets under construction are not amortized until the asset is available for productive use.

**ii. Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

**iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2020</u>	<u>2019</u>
Cash	\$ 679,646	\$ 872,986
Temporary investments	<u>1,441,519</u>	<u>895,775</u>
	<b><u>\$ 2,121,165</u></b>	<b><u>\$ 1,768,761</u></b>

Temporary investments are short-term deposits with original maturities of a year or less and consists of GIC's with interest rates ranging from 1.25% to 1.95% (2019 - \$2.30% to 2.60%). The investments mature in 2021.

The Municipality has available a \$500,000 overdraft facility with 1st Choice Savings and Credit Union which bears interest at 2.45% per annum when in use. The overdraft is issued on the credit and security of the Municipality at large. There is no overdraft at year end.

The Town has multiple demand lines of credit with 1st Choice Savings and Credit Union with a combined authorized limit of \$2.63 million which all bear interest at 2.45%, secured by a general agreement. There is nil (2019 - nil) balance on the lines of credit at year end.

Included in cash and temporary investments is a restricted amount of \$455,408 (2019 - \$211,617) received from various grant programs which are held exclusively for approved projects (Note 6).

**3. RECEIVABLES**

	<u>2020</u>	<u>2019</u>
Property taxes		
Taxes and grants in place of taxes receivables	\$ 72,293	\$ 81,581
Arrears	<u>43,356</u>	<u>25,664</u>
	<b><u>115,649</u></b>	<b><u>107,245</u></b>
Trade and other receivables		
Grants	1,272,779	249,483
Electrical and billed services	555,549	766,276
Miscellaneous	106,902	188,621
Goods and Services Tax (GST)	103,082	19,761
Accrued interest	<u>29,777</u>	<u>104,565</u>
	<b><u>2,068,089</u></b>	<b><u>1,328,706</u></b>

**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**4. INVESTMENTS**

	2020 Cost	2020 Market value	2019 Cost	2019 Market value
Short-term notes and deposits	\$ 700,000	\$ 699,100	\$ 1,176,000	\$ 1,145,099
Principal protected notes	692,700	682,004	561,000	628,378
Long-term notes and deposits	1,655,166	1,742,542	1,171,678	1,184,530
UFA Equity	3,906	3,906	3,835	11,647
MUNIX (Note 15)	5	5	5	15
	<u>\$ 3,051,777</u>	<u>\$ 3,127,557</u>	<u>\$ 2,912,518</u>	<u>\$ 2,969,669</u>

Short-term notes and deposits have an effective interest rate of 2.89% (2019 - 2.99%) and mature in less than one year. Long-term notes and deposits have effective interest rates of 2.99% to 6.84% (2019 - 2.99% to 6.84%) and mature in periods between 2021 and 2030. Principal protected notes have guaranteed principal repayments and are cashable on demand, without penalty. Accrued interest on these principal protected notes is not realized until maturity and is based on the performance of the TSX index.

**5. EMPLOYEE BENEFIT OBLIGATION**

The employee benefit obligation is comprised of accrued vacation that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

**6. DEFERRED REVENUE**

	2020	2019
Prepaid taxes	\$ 644,536	\$ 640,900
Municipal Operating Support Transfer	335,877	-
Deposits received	50,630	30,234
Canada Heritage Grant	38,500	-
Alberta Community Partnership	35,923	47,190
Community Foundations	15,000	25,000
Family and Community Support Services	13,124	6,605
Water Study Grant	11,086	-
Federal Gas Tax Fund	2,988	-
Alberta Historic Resources Foundation	2,910	2,910
Municipal Sustainability Initiative - Capital	-	128,593
Cardston Lions Club (CFEP)	-	1,319
	<u>\$ 1,150,574</u>	<u>\$ 882,751</u>

**7. CONTAMINATED SITES LIABILITY**

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2020 (2019 - nil) as a result of this standard.

**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**8. LONG TERM DEBT**

	<u>2020</u>	<u>2019</u>
Wastewater Outfall Line Debenture - Capital	\$ 170,970	\$ 338,064
Enmax Solar Panel Loans	<u>2,757,889</u>	<u>156,901</u>
	<u>\$ 2,928,859</u>	<u>\$ 494,965</u>

The current portion of long-term debt amounts to \$323,659 (2019 - \$177,770)

Principal repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 323,659	\$ 94,936	\$ 418,594
2022	157,952	86,710	244,662
2023	163,399	81,263	244,662
2024	169,037	75,626	244,662
2025	174,871	69,791	244,662
Thereafter	<u>1,939,941</u>	<u>330,813</u>	<u>2,270,754</u>
	<u>\$ 2,928,859</u>	<u>\$ 739,139</u>	<u>\$ 3,667,996</u>

Debenture debt is repayable to the Alberta Capital Finance Authority which bears interest at 2.31% per annum and matures in 2021. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town at large.

The loans from Enmax for the purchase of solar panels mature in 2032 and 2035 with annual payments of \$244,662 (including GST) at 2.00% and 3.50% interest per annum.

The total amount of interest recognized for long-term debt amounted to \$71,726 (2019 - \$13,712).

The Town's total cash payments for interest on long-term debt in 2020 were \$64,141 (2019 - \$13,370).

**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**9. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ <b>19,098,129</b>	\$ 14,724,978
Total debt	<u>(2,928,859)</u>	<u>(494,965)</u>
Amount of debt limit unused	<u>16,169,270</u>	<u>14,230,013</u>
Debt servicing limit	<b>3,183,022</b>	2,454,163
Debt servicing	<u>(418,594)</u>	<u>(187,648)</u>
Amount of debt servicing limit unused	<u>2,764,428</u>	<u>2,266,515</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the financial statements must be interpreted as a whole.

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 2)	\$ <b>100,416,714</b>	\$ 94,277,050
Accumulated amortization (Schedule 2)	<b>(48,276,266)</b>	(45,974,982)
Long-term debt (Note 8)	<u>(2,928,859)</u>	<u>(494,965)</u>
	<u>\$ <b>49,211,589</b></u>	<u>\$ 47,807,103</u>

**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**11. ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 967,741	\$ 1,162,900
Restricted surplus		
General government	1,516,488	1,775,992
Protective and emergency services	222,306	101,136
Public works and transportation	514,481	356,335
Environmental services: water	118,460	118,460
Environmental services: wastewater	108,700	45,000
Environmental services: garbage	108,270	90,370
Public health services	231,354	195,554
Planning and development	576,066	505,166
Parks, recreation and culture	1,484,066	767,783
Electrical	773,970	691,452
Equity in tangible capital assets	<u>49,211,589</u>	<u>47,807,103</u>
	<u>\$ 55,833,491</u>	<u>\$ 53,617,251</u>

**12. BUDGET AMOUNTS**

The 2020 budget for the Town was approved by Council on May 12, 2020 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

	<u>Budget</u>
Surplus per financial statements	\$ 1,128,749
Less: Capital expenses, net	(7,192,048)
Principal payments on debt	(301,813)
Transfer to reserves	(664,555)
Contributed assets	(57,318)
Add: Amortization	2,467,100
Proceeds from debt	3,253,120
Transfers from reserves	<u>1,366,765</u>
Equals approved budget	<u>\$ -</u>

**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**13. SEGMENTED DISCLOSURE**

The Town provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

**14. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for municipal officials, the chief administrative office and designated offices as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	<b>2020</b>	2019
Mayor Kronen	\$ 20,275	\$ -	<b>\$ 20,275</b>	\$ 21,325
Councilor Barnes	14,755	-	<b>14,755</b>	15,333
Councilor Bengry	13,266	27	<b>13,293</b>	13,243
Councilor Brown	14,115	557	<b>14,672</b>	17,457
Councilor Court	12,595	477	<b>13,072</b>	14,092
Councilor Drew	11,850	438	<b>12,288</b>	13,054
Councilor Selk	14,670	586	<b>15,256</b>	18,828
Chief Administrative Officer	116,933	30,410	<b>147,343</b>	145,283
Designated officers (3 positions)	195,385	35,124	<b>230,509</b>	222,311

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition, if any.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships, if any.



**TOWN OF CARDSTON**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**15. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% (2019 - 9.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (2019 - 13.84%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2020 were \$172,207 (2019 - \$166,715). Total current service contributions by the employees of the Town to the LAPP in 2020 were \$155,439 (2019 - \$150,579).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.91 billion; the 2020 LAPP actuarial balance was not available at the date of this report.

**16. COMMITMENTS AND CONTINGENCIES**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

Employees of the Town are allowed to accrue sick leave up to a maximum of 120 days. As at December 31, 2020 the amount of accumulated sick leave was \$667,964 (2019 - \$593,815). The total amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

The Town has an ongoing agreement for electricity, recycling, and solid waste collection services, which were renewed in 2016 for five years.

**17. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, land for resale inventory, accounts payable and accrued liabilities, municipal line of credit, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

## **TOWN OF CARDSTON**

### **Notes to Financial Statements**

**Year Ended December 31, 2020**

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#### **18. SUBSEQUENT EVENTS**

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the organization.

#### **19. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

#### **20. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.